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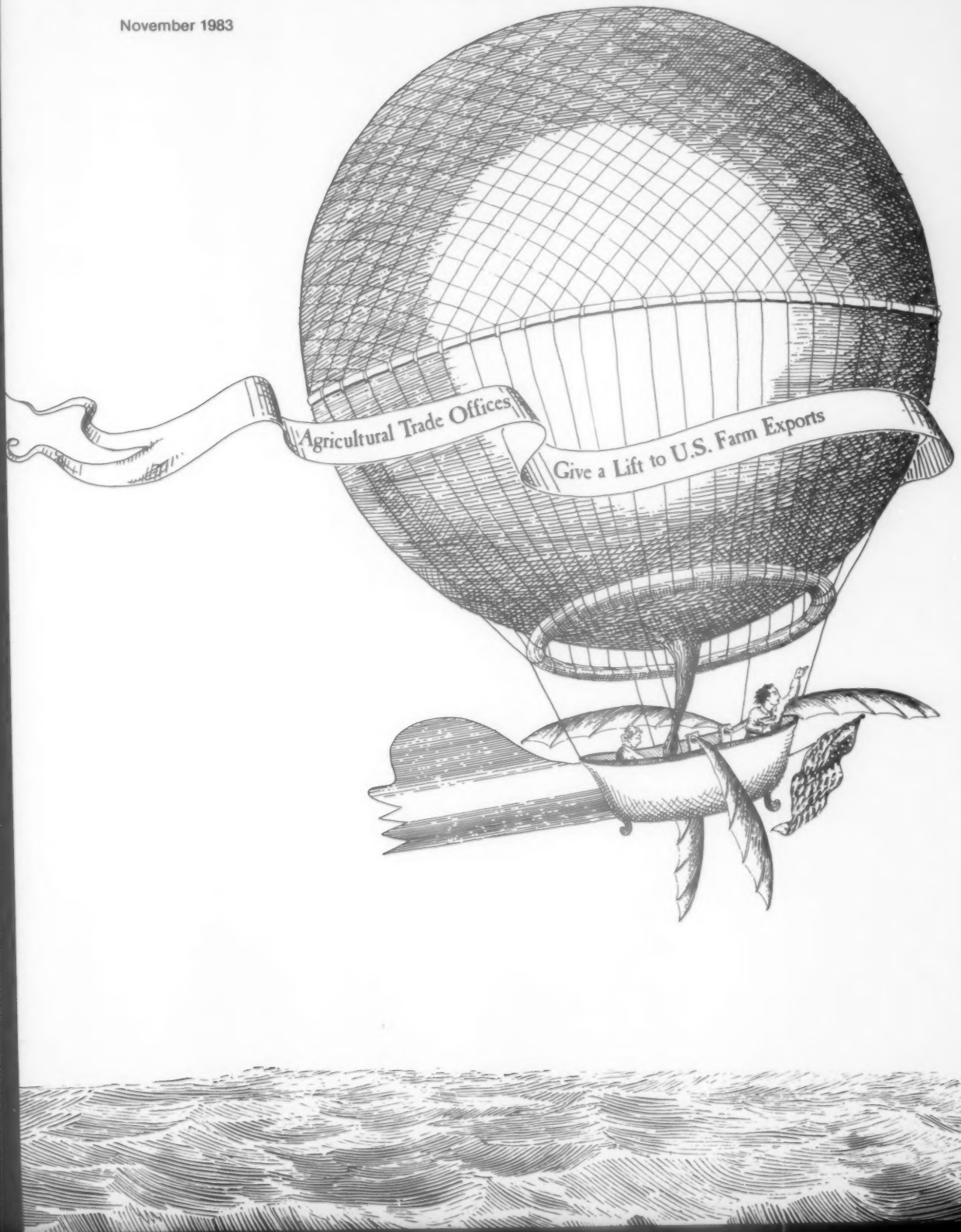

Marketing News

Boosting Almond Consumption in Japan: Cooking Up Something Nutty

Reasonable 1982 prices and continuing efforts by the **California Almond Growers Exchange** to develop a viable distribution system and an educational program through Japanese cooking schools increased Japan's consumption of California almonds by 50 percent since 1981. Sales also got a boost from a recent decrease in the almond duty from 5.9 to 4 percent. Behind the United States, West Germany and France, Japan is the world's fourth largest market for almonds, taking about $37 million worth.

The Exchange recently hosted representatives from its Tokyo office and about 140 members of the All Japan Cooking School Association for a tour of its plant in Sacramento. The Exchange — a grower-owned cooperative — is one of 100 cooperating companies and manufacturers that work with cooking schools. Much of the Exchange's success in Japan can be attributed to the use of Blue Diamond almonds in the 460 schools where professional chefs, home economists, food technicians and future homemakers learn to use Japan's most popular nut.

The Exchange has 10 full-time cooking instructors in Japan who visit cooking schools and demonstrate the versatile use of almonds in pastries, vegetable dishes and other foods. The use of Blue Diamond almonds is now featured in the curriculum of many Japanese cooking schools.

Three Trade Shows Coming Up

The **11th SIAL International Food Show** will be held June 18-22, 1984, in Paris, France. The show's new date will allow for larger exhibition spaces. More information can be obtained from Debra Henke, Foreign Agricultural Service, U.S. Department of Agriculture, Room 5550 South Building, Washington, D.C. 20250. Tel. (202) 475-3416. The **12th Food and Equipment Trade Exposition** will be held in San Juan, Puerto Rico, on April 14-16, 1984. For further information, contact Henry Garrett Diaz, Exposition Director, P.O. Box 5171, Puerta de Tierra, San Juan, Puerto Rico 00906. And if you're interested in exporting wine and cheese, the first **Wine and Cheese Show** will be held March 23-25, 1984, in Toronto, Canada. For more details, contact Randall Franklin, Director, Meteor Show Productions, Inc., 1110 Sheppard Ave. E., Suite 505, Willowdale, Ontario, Canada M2K 2W2. Tel. (416) 229-2060.

Renderers Host Korean Food Industry Team

The **National Renderers Association** recently hosted a team of five Korean producers interested in increasing the use of tallow in processed foods in that country. Team members completed a 2-week trip to the United States, including stops at rendering facilities on the West Coast and in Chicago, a shortening manufacturer, a large baking plant and a packing and rendering facility.

The team members are in charge of purchasing or are working in the area of plant production for their companies. Korean products using tallow include ramyon (a noodle-like product), snack foods, bakery products and industrial shortenings and margarines.

Beefing Up the U.S. Meat Image in England and West Germany

The **U.S. Meat Export Federation (MEF)** continued its efforts to boost consumption of U.S. meat in Europe this summer. MEF participated in the 11th National Meat Trade Fair at Harrogate, Yorkshire, getting an opportunity to meet with butchers and U.K. retailers. MEF displayed strip loin steaks and variety meats, attracting many visitors. MEF also noted numerous inquiries from the trade and general public, bolstered by the distribution of point-of-sale materials to visitors from all over the British Isles.

Across the Channel, MEF is attempting to reach more than 18,000 butchers and 1 million consumers throughout West Germany with a mass advertising campaign in the German butchers' publication, Familie Huete. This bi-weekly journal is given to consumers at the point of sale. In addition, MEF sent letters to German butchers notifying them of the campaign and providing a list of importers who handle U.S. meat products.

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Managing Editor
Edwin N. Moffett

Design Director
Vincent Hughes

Writers
Robb Deigh
Lynn A. Krawczyk
Maureen Quinn
Aubrey C. Robinson
Geraldine Schumacher

Production Editor
Evelyn Littlejohn

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Opening a Super Market For U.S. Food and Fiber

By Debra Henke

Launching a product in a new market is difficult, even in the United States. Tack on the different food habits, customs, and marketing systems that are part of selling overseas and the task of expanding U.S. agricultural sales abroad becomes a challenge.

To make the job easier, the U.S. Department of Agriculture has agricultural trade offices strategically located throughout the world to assist U.S. exporters and foreign buyers.

This innovative approach to market development was launched under the Agricultural Trade Act in 1978. Today 11 agricultural trade offices concentrate on opening up the global market and promoting the sales of U.S. food and fiber.

Agricultural trade officers staff these offices—they're the "advance team" of market development. Unlike the conventional agricultural counselors and attaches overseas, the trade officer's primary job is to promote trade. They do the preliminary leg work for U.S. exporters by establishing and maintaining good working relations with foreign businessmen, key industry leaders and government officials.

The trade officers scrutinize the markets they're assigned to, watching for potential gaps that might be filled by U.S. farm products, and keep a close eye on the competition.

Each market presents a different set of problems. It's the trade officer's job to pinpoint the idiosyncrasies and crack the market open.

An Idea Whose Time Had Come

The agricultural trade office program was born out of a growing awareness of the increasing importance of foreign markets to U.S. farmers and food producers. The first offices established under the new legislation were in Hamburg, W. Germany and Manama, Bahrain, in November 1979.

At the same time, the already established trade office in London, England, was brought under the agricultural trade office umbrella. Since then, the program has expanded to include 11 offices around the world, in both developed markets and in developing countries.

Except for the office in Bahrain, all the agricultural trade offices are located in commercial districts outside the confines of the embassy. The offices provide facilities for visiting businessmen and room for conferences and small exhibitions featuring U.S. agricultural products.

The Foreign Agricultural Service's cooperators—non-profit U.S. commodity promotion organizations—share space in the trade office to save money on rent and equipment and cut down on communication time with the trade officer and other cooperators.

Keeping Pace With Rapid Change

Since marketing patterns are constantly changing, U.S. exporters have to be aware of the latest developments so they can put themselves in the best position, quickly. Through daily contacts with local tradesmen, trade officers are generally the first to know when changes in price, preference, access, and local supply might create a marketing opportunity.

A thorough knowledge and familiarity with the country and its officials help the trade officers to collect trade leads and project future marketing trends in

U.S. Agricultural Trade Offices

Bahrain, Manama
Shaikh Isa Road
P.O. Box 26431
Manama

Mailing Address:
American Embassy
FPO New York 09526
Telephone: 714-151
Telex: 9398 USATO BN

Federal Republic of Germany, Hamburg
Gr. Theaterstrasse 42
D2 Hamburg 36

Mailing Address:
c/o AmConGen
APO, New York 09215
Telephone: 341207
Telex: 2163970 ATO D

Korea, Seoul
63, 1-Ka Eulchi-Ro
Chung-Ku, Seoul

Mailing Address:
American Embassy
APO, San Francisco 96301
Telephone: 788-9115 Ext. 4188
Telex: K25823 SOLATO

Nigeria, Lagos
No. 1 King's College Road
Lagos

Mailing Address:
Lagos
Department of State
Washington, D.C. 20520
Telephone: (01) 634-864
Telex: 21670 USEMLA NG

Poland, Warsaw
U1 Wiejska 19
00-480
Warsaw

Mailing Address:
Warsaw
Department of State
Washington, D.C. 20520
Telephone: 21-46-19 or 29-82-54
Telex: 816131 USATO PL

People's Republic of China, Beijing
Xiu Shui Dong Jie 2
Beijing

Mailing Address:
American Embassy
Box 50
FPO, San Francisco 96659
Telephone: 523-589

U.S. Agricultural Trade Offices Span the Globe

Singapore
541 Orchard Road # 15-00
Liat Towers
Singapore 0923

Mailing Address:
U.S. Agricultural Trade Office
FPO, San Francisco 96699
Telephone: 737-1233 or 737-1729
Telex: RS 33229 USATO

Saudi Arabia, Jidda
Al Zouman Commercial Center
Palestine and Hayel Sts.
Jidda

Mailing Address:
American Embassy
APO, New York 09697
Telephone: 661-2408
Telex: 404693 USATO SJ

Tunisia, Tunis
149 Avenue de la Liberte
Tunis

Mailing Address:
Tunis
Department of State
Washington, D.C. 20520
Telephone: 282-566
Telex: 13379 AMB TUN

United Kingdom, London
101 Wigmore Street
London W1X 9PG

Mailing Address:
American Embassy
Box 40
FPO, New York 09510
Telephone: 499-0024
Telex: 296009 USA GOF

Venezuela, Caracas
Centro Plaza, Torre "C"
Piso 19, Los Palos Grandes
Caracas 1060-A

Mailing Address:
American Embassy
APO, Miami 34037
Telephone: 283-2599/283-2353
Telex: 29119 USATO VC

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demand. Under the TORS program (Trade Opportunity Referral Service), this important information is wired back to FAS in Washington where it is disseminated promptly to U.S. businessmen electronically and via mail.

The trade officers actively seek sales opportunities for U.S. goods. Through standard marketing activities, as well as creative promotional events, the trade officers provide opportunities for U.S. products to be sampled and bought by the host country, businessmen and consuming public. Since there are often questions about who is most likely to buy or sell a specific commodity, the trade officers develop and maintain lists of the foreign traders and government organizations most likely to deal in particular agricultural products and foodstuffs. These lists are readily available to help U.S. businessmen make the right connections. Trade officers also offer assistance to U.S. companies which plan to exhibit in foreign food trade shows.

One-Stop Shopping Centers For Foreign Buyers

In addition to being business centers for U.S. agricultural exporters, the agricultural trade offices are one-stop shopping centers for foreign buyers of U.S. agricultural goods.

To whet the foreign appetite, permanent exhibit space is devoted to a variety of U.S. food products. The trade officers maintain current information about these products and others to help buyers find specific products in the United States.

In many developing countries, special U.S. programs involving features such as credit sales and export incentives function as very important tools of market development. Well versed in these programs, the trade officers provide practical assistance to governments and private traders so they can come to terms that will be mutually beneficial.

The trade officers in China and Poland serve a special function of coordination between the government buying agencies in these centrally planned economies and the private traders from the United States. Market development in these countries focuses on attaining access to the proper authorities rather than trying to build consumer demand.

Wherever they work, the trade officers around the world keep a constant vigil on changes in foreign government rules and regulations that might raise or lower technical barriers to U.S. farm exports.

Consulting with veterinarians, plant health specialists, nutritionists and other technicians in foreign governments and in the United States, they work to ensure that U.S. products have reasonable access to the market.

But the most valuable service the trade officers offer is the friendly service and knowledgeable answers they provide U.S. businessmen traveling overseas. The agricultural trade offices are open to anyone interested in the export of U.S. agricultural products, whether it be a cooperator, a State marketing representative, or a U.S. businessman or farmer. ■

The author is with the Export Programs Division, FAS. Tel.(202)475-3416.

How an Agricultural Trade Office Can Help Your Selling Success

By Theodore Horoschak

Forget about your competitor's plush suite above the New York skyline with carpeting as thick as a country club fairway. Even if your export company is a one-person operation with wall-to-wall questions about overseas sales, remember that you have at your disposal 11 "field offices" throughout the world to help answer those questions and represent you in your market country.

These agricultural trade offices, operated by the Foreign Agricultural Service, are located in Europe, the Middle East, Asia, Africa and South America and are designed to help U.S. exporters make contact with overseas buyers.

The offices engage only in market promotion, not in actual sales transactions. But as service organizations, they can provide help to U.S. sellers who may not be familiar with foreign customs, regulations and transaction procedures and to "pros" as well.

Regular trade calls, as well as the preparation and distribution of news letters and fact sheets that discuss U.S. agriculture, are at the heart of the trade officers' responsibilities.

These activities provide potential U.S. exporters with established contacts overseas, cultivated by the trade officer. This groundwork, combined with a cooperative effort between the trade officer and the exporter, help provide a solid foundation for the sale of U.S. agricultural exports.

The following is an explanation of how you can make the agrcultural trade office work best for you.

The Initial Contact

Before contacting or traveling to a trade office, you need to consider some important information about your product. Then, in your initial letter to the office, provide as much detail as possible. For example:

• Do you wish to locate an agent or sell directly?

• Is the product aimed at the retail, wholesale or the catering sector?

• Are multi-language labels available?

• If it is a processed product and new to the intended market, is an ingredients list available?

Upon receipt of your initial correspondence, the agricultural trade office will contact local importers to obtain their comments on your products. The officer will then provide you with a list of potential buyers and details on local regulations covering labels and other important matters.

A Personal Visit is Important

Although detailed correspondence is essential as a first step in working with the trade office, foreign buyers are far more attentive to U.S. exporters who make personal visits to promote their products. Trade office services are most valuable during a personal visit.

Once you have confirmed your plans to visit, the trade office can assist you in scheduling individual appointments, coordinating luncheons and arranging product tastings on your behalf. The trade office will advise you of on-going fairs and exhibits and keep you in touch with sponsors of these events.

The trade office can be most effective if you provide at least four weeks notice before your arrival. This lead time allows the office to develop a program tailored to meet your needs.

Send Samples of Your Product

After establishing your goals, and notifying the trade office of your proposed visit, send samples of your product to the trade officer. Limit the quantity of samples to about ten pounds. This should be sufficient for distribution to the trade. Samples should be limited to retail or catering-oriented items, not bulk or unprocessed goods.

At this point, you should be familiar with labeling requirements and be prepared to meet local regulations. When you arrive at the trade office, local trade representatives will be ready to discuss in detail any modifications required in your packaging and labels needed to meet regulations.

Agricultural trade office operations differ according to their locations, each adopting its methods to the needs and characteristics of its host country. However, all the trade offices are geared toward promoting the U.S. agricultural industry as a reliable and competitive supplier of high-quality farm goods. ■

The author is agricultural trade officer in Manama, Bahrain.

Trade Updates

Egypt To Curtail Livestock and Poultry Imports

Imports of live cattle and frozen chickens into Egypt will gradually be banned over the next five years. Imports of meat will also be reduced in the drive for self-sufficiency. At the same time, a project to increase poultry production to 150,000 tons annually (enough to cover domestic needs) will be started, along with another project to raise and fatten calves. Success of the program will depend upon imported feed supplies and disease control.

Egypt's ban on frozen chicken will, if effective, remove a 50- 80,000 ton market from world demand. While the market is currently dominated by Brazil, its loss could cause that producer to encroach on U.S. markets elsewhere. *—Jack Mills, FAS (202) 382-1346.*

FAS Sponsoring Several Trade Shows of Interest to Horticultural Producers

FAS will sponsor10 trade shows and exhibits of interest to horticultural associations and exporters in fiscal year 1983/84. Following are the location and dates of major events:

Location	Dates	Activities
West Germany	Jan. 26-Feb. 6, 1984	Greenweek
Japan	Nov. 9-10, 1983	Wine promotion (Osaka)
	Nov. 14-15, 1983	Wine promotion (Tokyo)
	March 12-19, 1984	Harumi
Korea	June 11-17, 1984	KorHotel exhibit
Singapore	Nov. 10-13, 1983	Wine Asia Show
	April 24-27, 1983	Food Asia '84
United Kingdom	April 8-10, 1984	Health Food Show
France	June 18-22, 1984	SIAL
United Arab Emirates	January 16-19, 1984	Food Show-Trade Only

—Robert E. Mannion, FAS (202) 447-7927.

Health Food Sales Soar In Japan

Sales of health foods are booming in Japan, increasing by 20 to 30 percent a year, according to recent press reports in that country. Emphasis is currently on foods that provide long-term, well-balanced nutrition. Among the products of special interest are honey and prunes. During the first 9 months of fiscal 1983 (October 1982-June 1983), U.S. exports of prunes to Japan were 8,482 tons, up 74 percent over the previous year.

Against this backdrop of sharply rising sales, the Japanese government plans to investigate health food marketing methods and product safety. The Ministry of Health and Welfare plans to collect at random about 20 types of imported health foods on sale at retail stores in five selected locations. The products will be chemically analyzed to determine their hygienic qualities.*—Edmond Missiaen, FAS (202) 382-8895.*

Jidda Trade Office Launching Mini-Shows

FAS' Agricultural Trade Office in Jidda will begin a series of Mini-Shows in 1984 for exporters who wish to introduce their products to Saudi Arabian importers. A show will be held about every two months in Jidda, the country's most important commercial center, and will then move to Dhahran for the Gulf Coast trade.

To participate, send a sample of the products for display, together with brochures and price lists, to the Agricultural Trade Office, Embassy - Jidda, APO New York 09697. The package should be clearly marked "SAMPLE" and the product must contain no pork or pork products ot liquor of any kind. There is no charge for the Mini-Show other than the cost of the samples and postages. *— Jerry Kuhl, Agricultural Trade Officer in Jidda, Telex 404-683, USATO SJ.*

Moving U.S. Foods in Southeast Asian Markets

By James Y. Iso

Exporters to Southeast Asian markets face a unique mix of cultures, climates, geography, taste preferences and trade practices.

Southeast Asia includes several countries which are economically bound under an agreement of the Association of Southeast Asia Nations (ASEAN). Together these countries—the Philippines, Thailand, Malaysia, Indonesia and Singapore— rank among the fastest growing economic market in the world.

Australia and New Zealand—keen U.S. competitors in world agricultural markets—are geographically close to Southeast Asia. As a result, U.S. success in this market depends on price competitiveness and the ability of U.S. suppliers to meet the special needs of each country.

The U.S. agricultural trade office in Singapore can be an extremely valuable first contact point for exporters trying to tap this market. The office offers trade services ranging from explaining the current market situation, to identifying trade opportunities and potential problems, to arranging business contacts and schedules.

Methods of doing business in Asia are very distinctive and quite different from approaches which are successful in other parts of the world. The agricultural trade office has been working to establish confidence and solid working relationships with the trade sectors in this region.

U.S. Foods Need Strong Promotion Effort

Promotion of U.S. products is critical in this region. Until recently, U.S. exporters paid little attention to the Southeast Asian market, except for the Philippines. Consequently, U.S. goods were hard to find in retail outlets.

Introduction of American trade and effective trade communication was essential. The region historically had been under European colonial rule and the trade patterns of Singapore and Malaysia were heavily commonwealth-oriented.

Efforts were initiated to promote high-quality U.S. food products and to reduce shipping costs. Higher freight rates from the United States had out-priced U.S. goods. So the trade office began to work to establish market recognition of the high quality of U.S. food products relative to their price.

To increase consumer awareness of U.S. foods, the trade officer works with both retailers and importers to set up in-store promotions in supermarkets and other retail outlets.

Black Star

These activities have been particularly useful in introducing consumers to new products and in giving them the opportunity to sample U.S. beef, turkey, wine, fruit and processed foods. This year a special American food promotion in two Singapore supermarket chains attracted consumers under the banner "A Taste of Amercia." Over the past three years, 10 in-store programs with supermarket chains have been held in Singapore, Malaysia, Thailand and Indonesia.

Trade News Generates Business Interest

To help sell premium U.S. products in this competitive market, the trade office also sends out periodic alerts which include information on U.S. foods and U.S. export offers to the food trade throughout Southeast Asia, Pakistan and India.

The trade officer is also preparing guides for U.S. food exporters to Singapore. The guides will provide an overview of the market, the trade situation and principal trade contacts. They will cover fruits, vegetables, frozen beef, frozen poultry, canned fruits and vegetables, processed meats, cereal preparations, canned meats, wines and confectionery.

Trade Shows Pay Off

To help U.S. exporters establish direct contact with buyers in the region, the Singapore office sponsors trade shows and other exhibits.

Trade shows sponsored by international organizations or organized solely by FAS have been profitable to U.S. exporters. Competition from other suppliers to this market is extremely keen, and "national flag promotions" are extensive.

In the "Food and Hotel Asia '82" exhibition in Singapore last year, 10 nations were involved. The FAS pavilion provided the opportunity for 38 U.S. firms to participate in a show which drew 18,500 foreign business visitors. This was the first Southeast Asia trade exposure for most of these U.S. traders.

The next "Food and Hotel Asia" show, scheduled for April 1984, will again feature a U.S. pavilion. U.S. food exporters interested in participating should contact the Export Promotion Division, FAS, USDA, Washington, D.C. 20250.

Trade shows organized by the trade office are popular with U.S. exporters. Both sellers and buyers have responded favorably to these shows because of high interest in new products and new supply sources. Invitations for these events go to principal buyers in Singapore and neighboring countries. An FAS show in 1980 in Singapore had 40 U.S. participants and resulted in sales of several million dollars.

This year the Singapore office has sponsored a State of Illinois processed food show, a Southern U.S. Trade Association (SUSTA) processed food trade show and a Western Growers Association fruit and vegetable trade show.

Menu Promotions Offer a Taste of the U.S.

On a smaller scale, hotel/restaurant menu promotions featuring U.S. beef, turkey, ham and wine are "must" events in this market.

U.S. beef is now available in all top hotels and restaurants in Singapore, but since it is grain fed, it is much higher priced than other beef. Even so, it is popular and consumer demand exists. In fact, U.S. beef sales have risen from 100 tons in 1979 to almost 700 tons in 1982.

California wines are also gaining sales momentum. California wines now account for 8 percent of the sales volume in this market—up from just 1 percent in 1979. Even so, sales still lag far behind those of European wines.

Sales promotion has paid off for other commodities too. U.S. poultry sales reached $45 million in 1982. Sunkist oranges and Washington apples dominate the market, and many other U.S. products have achieved comparable successes.

There is a market in this region for high-quality U.S. processed foods. Sales of meats, frozen foods, and other processed items are growing. Demand has been generated by middle and upper income consumers, foreign residents, hotels and restaurants, offshore oil riggers, ship chandlers and others.

Knocking Down Non-Tariff Barriers

Non-tariff barriers take many forms, and unless exporters are aware of them, serious losses can occur.

For example, Singapore does not accept certain food additives, or stabilizers in processed foods. Banned additives include: calcium disodium EDTA; isopropyl citrate mixtures/monoisopropyl citrate; fumaric acid; and sorbic acid/benzoic acid.

Since these four additives are accepted by Codex Alimentarius and by the U.S. Food and Drug Administration, the Singapore trade officer has formally submitted an appeal to the Government of Singapore to reconsider and allow the use of these additives. This proposal is now under study.

Consumer Preferences Count

U.S. exporters must carefully analyze whether their products appeal to the tastes and food preferences of the region.

The Chinese, Malay, Indonesian and Thai diets are distinctive and must be considered in trade approaches. Southeast Asians like green, crispy and crunchy pears and apples. Therefore, sweet, soft, ripe Bartlett pears do not sell well. On the other hand, Washington apples, although not green, satisfy the other criteria and are among major selling fruits.

There is a sizable and growing market for food soybeans. Soybean varieties which are high in protein, large in size, and have a white hilum—such as Amsoy, Corsoy, and Beeson—are preferred for tofu, tempe, miso, soy milk and other foods. Among major growing markets for food soybeans are Indonesia, Malaysia and Thailand.

Religious dietary restrictions must also be taken into account by food exporters. The Muslim population, for example, is extensive in Malaysia, Indonesia and other Southeast Asian countries. Processed foods containing pork are unacceptable to this group. In addition, Malaysia now requires that all beef imports be from animals slaughtered according to Islamic ritual.

Many in the Buddhist faith do not eat beef, but pork and poultry are acceptable to them.

Climate Takes a Toll

Climate is another consideration for exporters selling food to countries in this tropical area with its high temperatures and high humidity.

Chocolates and candies have melted on arrival; fruits shipped too ripe for the long journey have arrived rotten and moldy—even when flown in; onions have rotted in hot containers; grains can quickly become weevil-infested and so on.

Perishables, such as fruits and vegetables, must be harvested or selected for tropical export and ingredients for confectionery must be adjusted to withstand heat and humidity. Such considerations and others will save money, minimize claims, and add to trade profits. ■

The author is the agricultural trade officer in Singapore.

Showing Off

By W. Lynn Abbott

In November 1982, salesmen from 10 U.S. companies were in London for a one-day agricultural trade office food show before flying on to the International Food Product Exhibition (SIAL) in Paris.

Each exhibitor had a booth for displaying products to key buyers from the United Kingdom. The main event of the show was a luncheon attended by 24 U.K. buyers who had expressed interest in the particular products handled by the exhibitors.

After the luncheon, and all of the following day, exhibitors met individually with U.K. food importers. Most of these appointments were arranged by the agricultural trade office.

Exhibitors indicated that followup negotiations with their contacts could result in over half a million dollars of business within a 6- to 12-month period.

Small, solo food shows, such as the one arranged by the London agricultural trade office, are intended to be concentrated events with select audiences invited for their potential interest in the U.S. products that will be on display. Exhibitors can reach a hand picked audience and make excellent first contacts.

European buyers use food shows in a much different manner from Americans. In Europe, trade shows are a method of doing business that goes back to the Middle Ages. The differences between countries in Europe are such that most company representatives have found they can't consummate sales over the phone the way it's frequently done in the United States. They need personal contact.

U.S. trade shows are traditionally adjuncts to industry conferences. The exhibitors know many of the visitors, and a tremendous amount of business is booked. In contrast, European trade

shows provide an opportunity for people to discover each other, a chance for new companies and new products to make their market debut.

Cultivating New Clients

After any show an exhibitor must make followup visits to cultivate new business contacts. In Europe, many visitors to such shows represent large organizations with enormous purchasing power. However, these people are often under instructions not to buy off the floor.

The major food chains demand high quality, a good presentation and continuity of supply. They need to feel that they can count on their suppliers before entering into a business relationship with them. So an exporter should not expect the "quick sale" in a European environment. Most buyers are required to consider purchases in the more disciplined atmosphere of their directors' meeting.

Food shows organized by agricultural trade offices often are timed to take advantage of a major international show such as SIAL which draws exhibitors and visitors from all of Europe, the Middle East and much of Africa.

The London food show, which was timed to take place just before the last SIAL, required nearly a year of meticulous planning to dovetail it with the Paris event. Questions about timing and theme and what products were most appropriate for display had to be sorted out months in advance.

Lengthy preparation and teamwork were the key ingredients combining to make the November event a success.

The exhibitors had been in contact with the trade office for several months before the SIAL. They had all supplied background information and a list of people that they needed to meet.

Food Shows Are Tailored To Fit

Every agricultural trade office food show is designed for the products being shown. Particular products require a highly particularized guest list. Only the biggest and best of the blue ribbon buyers are invited because they're the ones most likely to strike a deal.

This sort of winnowing can't be done at a major show. At the London show everyone invited was a qualified buyer—many were the direct result of the exhibitor's request.

Trade Officers Can Eliminate Nasty Surprises

In Western Europe, U.S. foods have been on the market since World War II.

In fact, "U.S. foods" frequently are now manufactured locally with no U.S. ingredients at all. In such a market, it makes good sense for a U.S. exporter to present a product that cannot be easily duplicated.

However, in parts of Asia, U.S. foods are still exotic products, unfamiliar to much of the population. In that area of the world, a successful food show must break down the barriers of unfamiliarity that inhibit new consumers from trying U.S. products.

Agricultural trade offices can take some of the nasty surprises out of the experience. The many conversations between the trade officer and the potential exhibitor before the event are all designed to identify exactly what kind of product is going to be shown and what kind of buyer the U.S. exporter wants to meet.

U.S. exhibitors sometimes balk at requests for information such as, "Please give a description of your firm." However, this is just the sort of information that the trade officer needs to have in order to solicit the top visitors needed to make the show work.

When a U.S. exporter is trying out a product for the very first time in a market, it is often possible to identify the major problems before the visitor actually arrives.

Products with prohibitive duties, deficient labels, unapproved additives, or products which face severe local competition can be identified ahead of time if the exhibitor talks with the trade officer in advance. Once these ground rules have been worked out, the exhibitor is free to do the job he does best: Selling.

The trade office staff are qualified professionals always available to discuss particular marketing problems. A trade officer's years of experience in helping food exporters can be invaluable to everyone, from those involved in their first venture to the seasoned veterans in food sales.

Trade officers are familiar with the heartbreaking errors that can ruin a sales mission. More than once exhibitors have arrived at a food show only to find that their product samples are nowhere to be found. That won't happen if the trade office is brought into the picture well in advance.

A consolidated shipment for all companies exhibiting in an FAS food show is one of the services offered by agricultural trade offices, if the exhibitor can plan far enough ahead.

Exhibitors sometimes are not familiar with the long lead time required for special shipments to be made. When using the mail, a delay of 12 weeks should be expected. Even though 5 days is usually enough time to get a package from the United States to Europe, there is a small chance that a shipment might take the slow boat.

To avoid such a catastrophe, exhibitors can take several precautions if they're not using the trade office shipment service:

- Send many small packages, not one big one—the bigger the package the more likely the delay.
- Personally carry some of the samples and brochures—if carrying substantial quantities of a product, arrange your travel schedule to allow for possible delays at the customs office.
- Adhere to local law—if poultry is prohibited, don't try to show poultry.

FAS food shows can be a very rewarding experience. One excellent contact can make the entire trip worthwhile.

All the trade officers' efforts are bent in the direction of making sure that every U.S. exhibitor has the best chance of meeting that one excellent prospect. ■

The author is the agricultural trade officer in London, England.

Keeping Flexible in Changing Markets

Black Star

Black Star

By Charles J. Larson

Being a successful agricultural exporter can be a fleeting thing. Just when you think you have the market sized up, have made useful contacts with importers, and have several excellent promotional activities planned, things change. The market dries up with the supply of foreign currency reserves, the government slaps on import controls, and a substantial portion of the target audience—the tourist trade—decides to stay at home.

What do you do? Give up? Decide to adopt a wait-and-see policy? Hardly. You adapt.

And that's where FAS' agricultural trade officers can help you. Adapting and changing strategies is as much a part of their lives as it is exporters'.

The agricultural trade officer in Caracas is no stranger to the vagaries of agricultural trade. By the very areas of responsibility—Venezuela, Colombia, Surinam, Guyana, the Netherlands Antilles, Barbados, Trinidad and Tobago, as well as several other island nations in the Caribbean—things are hardly ever the same at one time in each market.

Each of these countries can be called a developing country, but there is a wide variation in the stages of development. Venezuela is one of the fastest growing economies because of its large-scale petroleum exports. Other countries in the Caracas sphere also have petroleum-related economies (Trinidad and Tobago and the Netherlands Antilles).

Some of the countries in the region are low-income, such as Guyana and Surinam, while Colombia has the strongest agricultural economy in the area.

Fine Tuning a Strategy

Meeting the various needs of these countries and fine tuning a marketing strategy for U.S. agricultural exports is the job of the agricultural trade officer in Caracas.

In operation just over two years, the Caracas office has helped boost agricultural imports from the United States into the region to a peak of over $1 billion in 1981. However, sales then dropped off to $872 million in 1982 because of the impact of the world recession.

The region covered by the agricultural trade office in Caracas is unique because in addition to imports of primary products—such as feed grains, soybeans and meal, wheat and vegetable oil—there also has been an upsurge in demand for processed and consumer ready foods.

For example, in Venezuela, new-found petroleum wealth attracted rural workers to the cities. With fewer farms and farm workers, the country began importing a broad array of consumer goods. The trade office in Caracas suddenly was faced with a split in its market—value-added items as well as primary commodities, each required a different marketing approach and technique.

A similar situation occurred in the islands with a lack of agricultural land and a dependency on tourism as great as Venezuela's is on oil. Some primary foods and feeds are imported, but there is also a market for huge quantities of grocery items that go directly from port to hotels and supermarket shelves.

The Rules Change

But, in February 1983, the Venezuelan government introduced new currency exchange controls, essentially prohibiting the import of agricultural products except primary feeds and livestock.

And several of the island nations covered by the agricultural trade office experienced a tourism slump and belt-tightening economics.

The new restrictions particularly affected value-added products, which make up one-fourth of what Venezuela imports from the United States. The agricultural trade officer adjusted his marketing plans.

He turned to concentrating more on the competition for a share of Venezuela's bulk commodity trade. The trade office and the market development cooperators operating in the region had to step up their activities.

The United States provides quality products, but buyers don't always know the country of origin. Of course that can cut into repeat business. So the campaign for identification of U.S. products on the market also had to be continued in those countries that must import foods.

Keeping in Touch With the Trade

Despite the restrictions, the trade officer still needs to keep abreast of current trade developments in the countries for which he is responsible. He must alter his marketing strategies as the importing situation changes.

For example, the Venezuelan government recently began to divest itself of some of the responsibility for importing many products. Prior to this shift, the Central Marketing Agency kept a hands-on policy on the entry of imports.

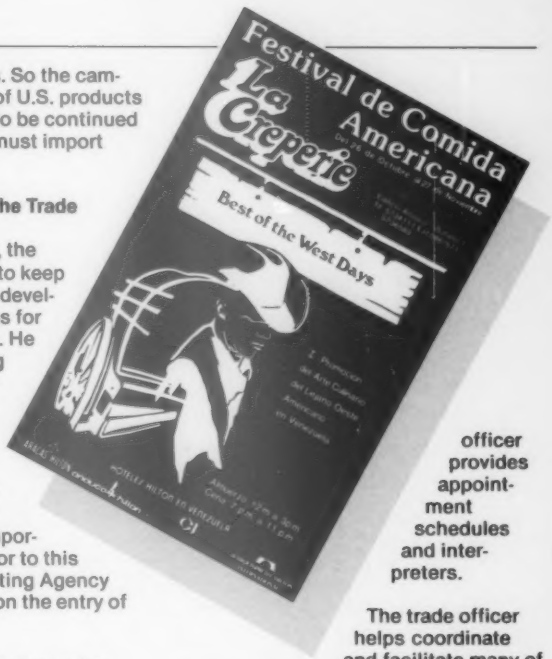
With the change in importing policy came a rise in the number of import businesses. One of the first places many of these businesses turn for information, regulations and a list of suppliers is the U.S. agricultural trade office.

The trade officer responded to these requests with a variety of tools:
- Trade Opportunity Referral System (TORS), linking buyers and sellers electronically;
- food shows;
- sales teams;
- menu promotions; and
- CONTACTS, a publication describing products of U.S. firms in Spanish.

Helping the Cooperators

In addition, the trade officer kept in contact with about 20 U.S. market development cooperators conducting activities in Venezuela and the region.

Some cooperators, such as the U.S. Feed Grains Council (USFGC) and the National Renderers Association (NRA), have offices in Caracas. For visiting cooperators, business representatives and technical personnel, the trade officer provides appointment schedules and interpreters.



The trade officer helps coordinate and facilitate many of these cooperators' projects. For example, when the NRA planned a seminar on the use of its products in animal feeds, they used the agricultural trade office facility, which can accommodate up to 70 people for meetings of this type.

A full array of office services are available, including a video recorder to make a record of the activity for use at other times in Caracas or back home.

The agricultural trade office is also working with the USFGC on several projects to introduce new technology in beef cattle feeding, dairy cattle husbandry and swine and poultry production to the local industry. The goal? Helping end-users of feed grains be more efficient in their operations and better customers for U.S. products.

Overall, by scheduling appointments and related arrangements, the trade office staff probably saves U.S. agribusiness travelers to Venezuela enough dollars and valuable time to double the effectiveness of their market development travel budgets in the area. ■

The author is agricultural trade officer in Caracas, Venezuela.

Breaking into Developing Markets

By Dale Good

U.S. agricultural products have enjoyed marked success in developing country markets in recent years. In fact, their purchases of an estimated $14.6 billion in fiscal 1983 are close behind our sales to developed nations.

But there the similarity stops—for selling to these markets requires special marketing strategies and tactics.

Pressed to develop their own agricultures to enhance food security, and their own processing industries to relieve unemployment, many of these countries follow very restrictive import policies.

They also, as a rule, are tight on foreign exchange—meaning they tend to emphasize price over quality. But because they lack adequate storage facilities, they can't always time their purchases to take advantage of favorable prices.

Which adds up to the fact that U.S. exporters have a tough time selling in these markets, unless they can find a way to make their products and services complement development goals.

First Stop: The Trade Office

The agricultural trade office is a logical starting point for U.S. exporters seeking to establish trade contacts in developing nations.

Establishing contacts is not always easy in these nations because of traditional trade ties to former colonial powers, language difficulties, and complicated government procedures.

For example, prior to the establishment of the agricultural trade office in Tunis, visits by U.S. exporters to Tunisia and Algeria were infrequent; and incountry importers were unaware of the broad spectrum of U.S. export capabilities.

Now, the trade office there serves as a field office for U.S. exporters who individually are not in a position to finance such a venture, but who need someone to apprise them of the market potential for their products, set up appointments, provide translation and interpreter services, report on market developments, and so on.

The need for such basic services is pronounced in most developing countries. However, trade offices in these countries also serve a larger function by working to mesh U.S. export objectives with local development goals.

Building on the Need To Boost Production

The desire of many governments to improve diets through greater livestock production is creating sales opportunities for U.S. exporters of quality breeding stock, semen, and feedstuffs.

In Tunisia, for example, approximately 80 percent of the increase in U.S. exports in the past few years has been accounted for by corn to supply the country's rapidly growing poultry industry. However, the gains for corn have not offset losses for table eggs and poultry meat as the United States has not been able to successfully compete with European Community subsidies on these products.

The American Soybean Association (ASA) and the U.S. Feed Grains Council (USFGC)—in cooperation with FAS — are working on several programs to improve the efficiency of the country's poultry industry. If production costs can be reduced, consumption is apt to rise—and that could enlarge the market for corn and soybean meal.

The trade office is also spearheading an effort to introduce superior U.S. dairy genetics into Tunisia.

The development of the country's dairy sector stagnated until recently, as it relied heavily on European breeds. These animals, though inexpensive, are not known for their milk production capabilities.

However, the trade office, working closely with other U.S. agencies and the Holstein-Friesian Association of America, has helped arrange one sale of semen and a shipment of 1,000 head of U.S. Holsteins. It is hoped this will give us a foot in the door for further sales.

Even Processing Can Open Doors

To promote the development of their own processing industries, many developing countries bar imports of products which are being produced domestically. While this policy closes out some U.S. products, it can open doors for others.

For instance, in both Tunisia and Algeria there is a growing demand for processed soybean products. While U.S. soybean meal and oil encounter problems of subsidized exports from other suppliers, we do have a price advantage in supplying soybeans.

Thus, the trade office and ASA are cooperating on projects to expand crushing facilities in Tunisia and Algeria.

U.S. exporters can reap sales from other types of processing activities, too. Many of the country markets in the North African and Middle Eastern region are quite small and as such cannot be economically supplied from the United States.

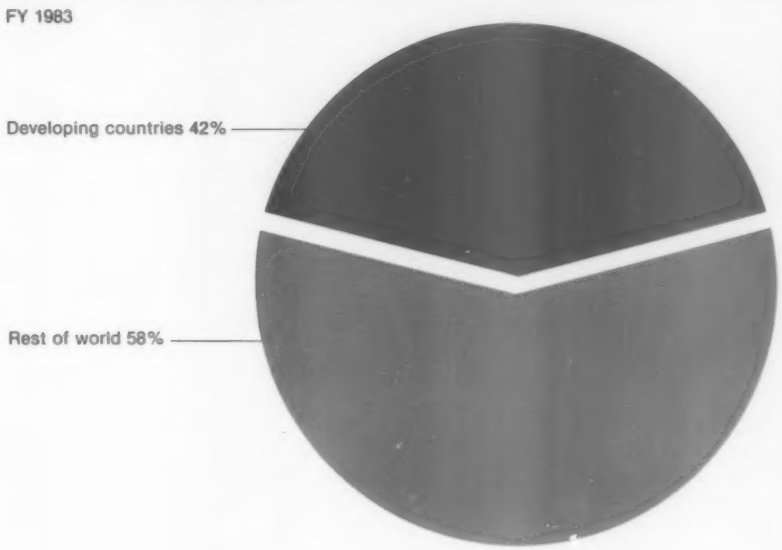
A plant processing U.S. products in a country such as Tunisia would be in a good position to penetrate these smaller markets. Tunisia has developed legislation that favors such investments.

Catering to Credit Needs

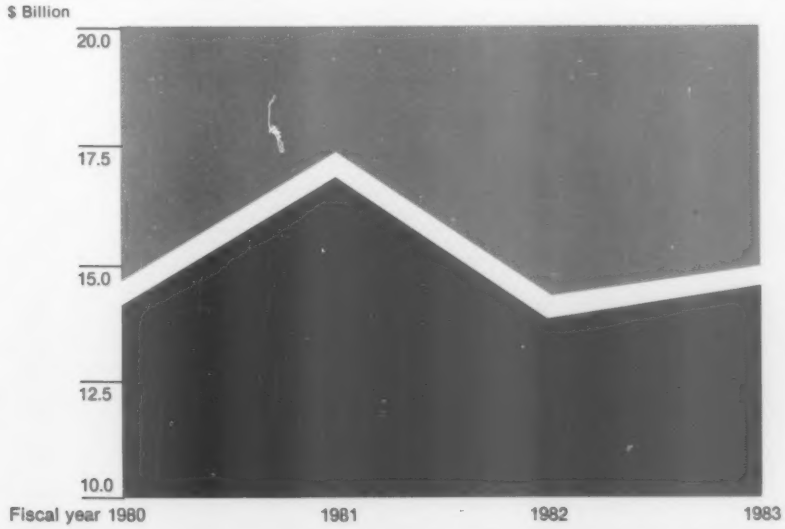
Because of credit problems, developing countries tend to emphasize price over quality. This often works against U.S. exporters.

FAS has developed special credit programs to assist countries which have foreign exchange shortages. They vary

Developing Countries Are Outlets for Two-Fifths of U.S. Agricultural Exports



U.S. Agricultural Exports to Developing Countries Gain in 1983



from the concessional credits, under Title I of the Public Law 480 program, to guarantees to exporters for a country's repayment to private U.S. banks under GSM-102.

Such programs can increase U.S. exports materially by allowing these countries to buy what they need.

The agricultural trade officers in developing countries monitor credit needs closely and recommend the type, quantity, and commodity for which credit is needed.

Through the extension of credit, it is also possible to teach importers that bargain hunting is not always in their best interest.

A case in point is Tunisia's soft wheat market—which has traditionally imported European wheats because of their low price and transportation costs.

However, Tunisian millers and bakers introduced to higher quality U.S. wheats have seen the big improvement these wheats can make in quality and quantity of bread per unit processed. These end users are coming to understand that higher priced U.S. wheats ultimately are the best buy.

Storage Facilities Essential For Expanded Trade

Maintaining a steady food supply is a key concern in many developing countries, which typically have rapid population growth and a sizable dependency on food imports. Adequate storage facilities are essential for the achievement of this goal—and also for the expansion of U.S. exports.

Shortages frequently force developing country buyers to turn to the supplier who can deliver the goods fastest. This tends to give the market advantage to the nearest supplier—which in North Africa is usually Europe.

In recognition of the key role that storage facilities play in improving the market position of U.S. suppliers, one of the credit programs of the Commodity Credit Corporation, GSM-301, has been developed to help countries build adequate facilities.

Again, it is the job of the trade officer in developing countries to spot and report on where this program can be used to benefit U.S. exporters. ■

The Author is the agricultural trade officer in Tunis, Tunisia.

FAO

Tunis Office in Action

FAS' agricultural trade offices support U.S. exporters in a variety of ways, as evidenced by three of the many activities carried out by the Tunis office during 1983.

Cracking the Egg Market

Through April of this year, not a single U.S. exporter had ever tried to participate in Algeria's table egg market, even though that country is one of the world's largest importers. This year, for example, the country plans imports of 1.3 billion eggs.

To alert U.S. exporters to the opportunities they were missing, the trade officer in Tunis prepared a report on Algeria's market potential and translated a sample tender into English. The Poultry and Egg Institute of America (PEIA) arranged to distribute the report to the U.S. egg trade.

Interest aroused, one U.S. exporter has already visited Algeria to explore the market firsthand. Accompanied by the trade officer from Tunis and a representative of PEIA, the exporter was able to see for himself the entire marketing chain.

With the agricultural trade officer acting as interpreter, visits were arranged with importers and maritime transportation authorities. The purpose was to give the exporter a comprehensive picture of current supply origins and transport procedures and port handling facilities. He also visited retail stores to evaluate current imported quality.

While initially dubious of his potential competitiveness in the market, the exporter is now looking forward to future tendering actions.

Keeping the Doors Open for U.S. Livestock

U.S. efforts to promote sales of dairy heifers to Tunisia were jeopardized for a while by rumors about the danger of importing blue tongue and other diseases from the United States.

When Tunisia established formal health regulations for European dairy heifers this year, the agricultural trade officer anticipated that regulations for the United States would soon follow. Consequently, he requested that USDA's Animal and Plant Health Inspection Service send an animal health expert to Tunis to discuss U.S. health programs.

These discussions resulted in the Tunisian authorities drafting regulations that kept the market open for U.S. exporters.

Anglicizing the Tendering Process

In Tunisia and Algeria, almost all international purchases are made through government-related organizations which announce purchase intent through international tender release notifications in local French language newspapers.

Quite obviously, this works to the disadvantage of U.S. exporters.

The trade officer in Tunis has had some success in convincing authorities to release tenders in English and to contact U.S. exporters directly. He has also obtained changes in tender specifications to the advantage of U.S. exporters.

However, most tenders are still announced in the local newspapers and require purchase. In these instances, the agricultural trade officer obtains copies of the tenders, translates them and forwards them to Washington for announcement to the trade through FAS' Trade Opportunity Referral Service. As a result, many U.S. exporters for the first time have a chance to participate in the Tunisian and Algerian markets.

Feeling at Home While Selling Abroad

If an American exporter travels to such diverse markets as Jidda in oil-rich Saudi Arabia and Lagos in fast-growing Nigeria, plus stops in Europe at Hamburg, West Germany, and in the Far East at Seoul, Korea, he would find one thing in common. An agricultural trade office waiting to help U.S. exporters master a myriad of business functions for trading in these vastly different regions of the world.

The trade office offers excellent market information—and facilities—for U.S. exporters visiting these far-flung markets, which collectively accounted for more than $4 billion in U.S. farm exports in 1982.

The following survey provides a closer look at the workings of the trade office and market conditions in each of these countries.

Lagos, Nigeria

The Lagos trade office is located in the central business section of the city—away from the Embassy, which requires security checks and has other restrictions. The central location also provides easier access from all parts of the city, and direct telephone lines that by-pass the busy Embassy switchboard.

FAS market development cooperators, working through the trade office, are involved in many activities in Lagos. One, the U.S. Feed Grains Council (USFGC), has an office in the agricultural trade office.

Cooperators form a vital part of the trade mission. U.S. Wheat Associates' (USW) involvement with a Nigerian baking school provides a good example. Recently, a USW marketing specialist and baking consultant selected candidates in Nigeria for training at the American Institute of Baking, St. Paul, Minnesota. On returning home, these students will serve as instructors at the Nigerian Institute of Baking.

To help Nigerians develop a taste for new products, the agricultural trade officer believed that actual samples were needed. The office now sports a display room with value-added foods on the shelves, and a demonstration kitchen will be functioning soon.

For the past 2 years, the trade office has taken part in the Kaduna International Trade Fair to publicize services offered in a major population center in the interior of the country. Here the USFGC conducted a poultry seminar covering many topics of interest to local agriculture.

The Lagos trade office also encourages trade travel to the United States. A large number of registrations were received for the National Food and Agriculture Exposition held in Atlanta, Ga.

Sales High at Food Exhibit

The trade office staged a food exhibit in late 1981 in which 11 exhibitors and the Minnesota Department of Agriculture participated. Reported floor sales totaled nearly $11 million, with 12-month estimates of sales placed

at almost $33 million. The trade office works for closer coordination between the Nigerian agricultural community and U.S. exporters. Some examples:

• His Highness Igwe S.N. Ezennwa of Anambra state needed 10,000-20,000 metric tons of rice. On hearing of the trade office, he came to Lagos, and in a few days a U.S. exporter was ready to provide the order.

• A prominent Nigerian farmer had problems in getting the right quantity and quality of No. 2 yellow corn for poultry rations. He had heard of the trade office from a neighbor. After a meeting at the Lagos office, the farmer decided he needed 20,000 tons of yellow corn and 1,500 tons of feed concentrates. Since the arrival of the first shipment, he has increased his broiler supply to supermarkets by 15 percent.

• News of this success reached other farmers, one of which wanted 7,000 tons of corn and 2,000 tons of concentrates. The trade office promptly made arrangements to fill the order.

• Popcorn is becoming a big hit with school children in Nigeria. Popcorn's popularity at the September 1981 food exhibit led directly to an order of 5,000 tons soon afterwards. □

—By John H. Davenport, Agricultural Trade Officer, and Anthony A. Iwuamadi, Agricultural Trade Assistant, Lagos

Jidda, Saudi Arabia

The agricultural trade office in Jidda is helping U.S. exporters recover some of the ground lost to traders from countries of the nearby European Community (EC) who have gained an upper hand in this market at the expense of U.S. exporters.

The EC market share, aided by subsidies and aggressive marketing tactics, rose from 12 percent in 1974 to 30 percent in 1982 while the U.S. share fell from 24 percent to less than 10 percent. The richness of the Saudi market and the declining U.S. share requires stronger efforts on the U.S. side.

The trade office, which opened in February 1983, is setting up a data bank listing Saudi importers (by commodity) and information on import licensing, rates of duty, and recent imports by country of origin.

The Jidda office works closely with FAS market development cooperators in the common goal of finding sales opportunities for U.S. exporters.

Competition Is Stiff

A large, open market like Saudi Arabia attracts food and agricultural exporters from all over the world. Market competitiveness is stiff. Proximity to this market makes it somewhat easier for sales people from Europe or the Mediterranean area to maintain personal contacts and stay abreast of consumer preferences and the various Saudi regulations on labeling, packaging and shelf life.

Through agricultural development programs the government grants very heavy subsidies to producers. As a result, Saudi Arabia is an important market for such non-consumer items as animal feeds, feed ingredients and dairy cattle. Growth of the poultry industry provides an expanding market for feeds, but at the same time reduces demand for imported poultry, meat and eggs.

Cereals accounted for 55 percent of U.S. farm exports to Saudi Arabia in 1982, with wheat, rice and barley leading the way. Sales of fresh fruits, juices and nuts also present opportunities for U.S. exporters. □

—By Jerome M. Kuhl, Agricultural Trade Officer, Jidda

Hamburg, West Germany

The trade office is striving to increase the awareness of the West German trade and consumers of a wide variety of U.S. foods. Some recent promotional examples:

• A direct mail campaign led to a large increase in trade inquiries transmitted through FAS Trade Opportunity Referral System (TORS).

• A trade exhibit in Kiel featuring U.S. beef and wine resulted in a major chain store handling U.S. products for the first time.

• Assistance in making a TV documentary on the California wine industry. The show reached 17 million viewers.

• A menu promotion in Krefeld generated new sales and publicity for U.S. beef, wines, dried beans and other food specialties.

• Putting a U.S. exporter in contact with an important German importer of dried fruits and nuts. Negotiations led to the first-time purchase of U.S. popcorn by this importer. A major promotion with the exporter is now planned.

• A six-month effort to stimulate interest of German buyers in the National Food and Agriculture Exposition resulted in the visit of more than 40 German food executives to the Atlanta show. This, in turn, created interest in U.S. food exhibits planned next year in New York and the next National Food and Agriculture Exposition in Kansas City in 1985.

In addition to continued support of cooperator activities in this important market, trade office services also include preparing background material for individual products, arranging appointments for exporter representatives, and assisting other USDA agencies in market promotion.

The market situation for U.S. exporters in Germany, one of the world's largest agricultural importers, continues along a trend that can be labeled "difficult." Germany's agricultural imports rose 3.3 percent in 1982, but purchases from the United States slipped 10 percent to $2.4 billion.

In terms of tonnage the decline was substantial, particularly for corn, wheat and tree seeds. The price and import policies of the EC and the recession also affected the U.S. export performance.

However, notable gains were logged in U.S. shipments of oilseeds, especially soybeans, as well as rice, cotton, tobacco and tallow.

The commodities mentioned above comprise the bulk of U.S. farm shipments to West Germany. Promotion activities for these commodities are carried out by FAS market development cooperators active in this market.

High-Value Products Pushed

Market development efforts for higher valued products, including consumer-ready items, are handled by the agricultural trade office.

Besides the strong dollar and sluggish economy, consumer items face at times the additional constraint of the German food law, which contains requirements not found in other European markets.

The agricultural trade officer feels it is important to continue presenting U.S. products which are not well known in this market or which could be more competitive—if not now, then when the dollar/mark values are in better balance. The products, of course, should meet the German food law requirements. □

—By Jon E. Falck, Agricultural Trade Officer, Hamburg

Seoul, Korea

The team approach with FAS market development cooperators for a coordinated export effort in Korea has been the main emphasis of the agricultural trade office since its opening in 1980. The offices of U.S. Wheat Associates (USW), U.S. Feed Grains Council (USFGC), National Renderers Association (NRA) and American Soybean Association (ASA) are housed in the Seoul trade office.

This allows for the sharing of basic services, such as telex, telephones, photocopying, conference rooms, mail service, transportation and other resources so that the cooperators and FAS get more mileage out of market development efforts.

Even more importantly, the pooling of professional expertise forms a partnership for conceiving strategies and programs tuned to market conditions in Korea, the fifth largest U.S. farm market with $1.6 billion in purchases in 1982.

The agricultural counselor, trade officer and cooperator directors work together to develop key business and government contacts necessary in obtaining timely market information for U.S. food and agricultural exporters. This marketing "team" meets twice monthly to exchange ideas.

The fruits of this market coordination can be highlighted by some promotional events of last year.

• Fourteen U.S. companies and trade associations participated in an Oregon Agricultural Product Display, sponsored by the trade office and the Oregon Department of Agriculture. Among U.S. products displayed at the trade-only show were frozen potatoes, prunes, filberts,maraschino cherries, blackberries, fresh onions, seeds and nursery products.

• In order to reach a wide audience, two leading hotels in Seoul and Pusan sponsored a "Western U.S. Food Festival" featuring high-quality chilled beef, some of the Oregon vegetable products, California wines and specialty foods.

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• The trade office took part in the first Korea International Food Technology Exhibition, known as KOR FOOD '83, that covered the full range of foods and beverages, food processing equipment, and packing, bottling and catering equipment. More than 19,000 people visited the U.S. booth.

Cooperators Play Major Role

The cooperators often provide in-depth coverage of market conditions for visiting tradespeople, foreign buyers and U.S. agricultural interests back home. Three of the four in-country cooperator directors are Koreans while the fourth was born in Korea. They have a thorough understanding of the cultural requirements and economic realities of doing business in a country where personal contacts are everything.

The agricultural trade officer provides official status or "presence" in working level consultations with the government. He also coordinates market development activities and projects with the cooperators. Having "official status" is a significant factor in dealing effectively in Korea.

In addition, the trade office is located away from the Embassy in an area easily accessible to Korean businessmen.

Besides the four cooperators located in the trade office, 10 other cooperators have market development projects in Korea—and that number is expected to increase by 50 percent in fiscal 1984.

Economy Gains Strength

The Korean economy is expected to register a 6.5-percent growth rate this year, and trade prospects appear highly favorable for U.S. agricultural products. Tapping this market, however, requires hurdling a number of trade barriers.

One is the import licensing system. Often, these restrictions are eased, but tariff rates are set at very high levels. The import of food and agricultural products are dealt with on a case-by-case basis and many quantitative restrictions remain in place. Further complicating the picture is the plain fact that plenty of competitors have discovered Korea, too.

Because of the strength of its export-oriented economy as well as the gradual liberalization of trade, Korea will need to import large amounts of agricultural products. Korea's trade objectives will increasingly stress supplier reliability, diversification of sources, and maximum credit financing.

These factors will not only affect established U.S. agricultural exports in this market, but new-to-market commodities face formidable trade barriers. FAS market development cooperators will continue to figure importantly in the growth of U.S. farm exports to Korea. □

—By Evans Browne, former Agricultural Trade Officer, and LaVerne Brabant, current Agricultural Trade Officer, Seoul

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